

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE, CHAIR
TOM FORESE
BOB STUMP
BOB BURNS
ANDY TOBIN

Arizona Corporation Commission

DOCKETED

JAN 10 2017

DOCKETED BY

2017 JAN 10 6:10 S
AZ 001
DOCKET 001

IN THE MATTER OF THE APPLICATION
OF
ARIZONA PUBLIC SERVICE COMPANY
FOR A HEARING TO DETERMINE THE
FAIR VALUE OF THE UTILITY PROPERTY
OF THE COMPANY FOR **RATEMAKING**
PURPOSES, TO FIX A JUST AND
REASONABLE **RATE** OF RETURN
THEREON, [AND] TO APPROVE **RATE**
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN.

(Teena Jibilian, Hearing Officer)

DOCKET NO. E-01345A-16-0036

INTERVENOR GAYER'S

FIRST SUPPLEMENTARY

PREPARED DIRECT TESTIMONY

IN THE MATTER OF FUEL AND
PURCHASED POWER PROCUREMENT
AUDITS FOR ARIZONA PUBLIC SERVICE
COMPANY.

DOCKET NO. E-01345A-16-0123

Richard Gayer, an Intervenor herein and a customer of Arizona Public Service (APS) in Phoenix, Arizona, hereby submits his Prepared Direct Testimony.

Q1. Should APS be permitted to charge customers with non-AMI meters a monthly fee for reading their meters?

A1. No, there is no financial need. The cost of each meter reading is only 20.7 cents when spread over all APS residential customers, as explained below.

APS asserts that reading of analog meters is costly, but, based on APS's own numbers, replacing thousands of AMI meters and reading those that cannot be read electronically may cost even more.

In response to Woodward's 2.12, APS admits that it replaced over 19,000 AMI meters in 2014, over 22,000 in 2015 and over 20,000 up to October 2016. In that response, APS

1 "estimates less than 1% of monthly meter reads for reasons that include AMI meters not
2 communicating". From APS's website, we see that APS has over 1.2 million retail and
3 residential customers. (What about the commercial and industrial customers?) Anyway, 1% of
4 1.2 million is 12,000.

5 From Birdenkircher's Direct Testimony at page 9:20-21, "APS had a total of 16,568
6 customers" with analog meters in the Test Year. While that number is somewhat greater than
7 12,000, it is the same order of magnitude. But don't forget to add the 3,684 meters that cannot
8 be read electronically because of their locations for a new total of 15,684 meters. APS's
9 response to Woodward 2.10, from Birdenkircher and Miessner. There is no significant
10 difference between 16,568 and 15,684.

11 In addition, the admitted meter replacements per year are all above 19,000, which is
12 clearly greater than 16,568. So, the cost of reading analog meters has to be less than the cost of
13 dealing with AMI meter failures. (Round trips to customers' homes plus time to change the
14 meter plus the potential cost of the replacement meter.)

15 Finally, Decision 75047 of the Arizona Corporation Commission in Docket 13-0069
16 requires that APS report in 16-0036 "23g. The estimated bill impacts of spreading the cost
17 recovery of an opt-out program across all residential customers" (page 5 at lines 10-12). From
18 the above numbers and APS's demand for a \$15 monthly charge for reading analog meters, we
19 can easily calculate those bill impacts. Multiply \$15 by 16,568 and divide the product by
20 1,200,000. The result is 20.7 cents added to each customer's bill. Clearly, there is no basis for
21 punishing analog customers with a special meter reading charge.

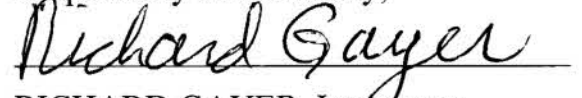
22 Therefore, analog customers should not be charged anything for meter reading because
23 APS does not believe that dealing with thousands of AMI meter failures "constitutes a
24 'problem'". (APS response to Woodward's 2.12, first paragraph.)

1 **Proof of Service**

2 On 9 January 2017, I served copies of the foregoing on all parties on the "Service
3 List" in this case.

4
5 Dated: 9 January 2017

Respectfully submitted by,



RICHARD GAYER, Intervenor
526 West Wilshire Drive
Phoenix, AZ 85003
602-229-8954 (rgayer@cox.net)